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THE GROWTH OF HEAVY INDUSTRY AND THE ECONOMIC PROGRESS OF BRAZIL

In this issue the BRAZILIAN BULIETIN continues the presentation of excerpts from a recent address in Washington, D.C., by General Edmundo de Macedo Soares e Silva, President of the Companhia Siderurgica Nacional (Brazil National Steel Company - Volta Redonda).

The balance-sheet of the XIX Century is sad as far as the industrial development in Brazil is concerned, especially in the great metallurgical and mechanical industries. Coffee gave Brazil a good income at the end of the Empire, and there was a certain influx of foreign capital into the country. But the political situation and the crisis provoked by the law of May 13th, 1888, (abolition of slavery) were not encouraging large investments. The ups and downs of the political economy were, however, the greatest cause. After an openly protective policy, following the example of the United States, other ministries began changing tariffs. The result was disastrous. The metallurgical industry regressed; and the mechanical industry suffered the impact of the low tariffs set forth by Ministers Rio Branco and Saraiva in 1874 and 1884 to such an extent that only the railroad repair shops were in decent condition. Private mechanical industry was primitive, and the only one of importance - that of Ponta da Areia - was dying due to the difficulties creatdd by imports.

The lack of mechanical and metallurgical industries was reflected also in another way: the sugar industries (dating back to the century of the discovery) and the textile industry, imported all their equipment, even the simplest. In fact, this situation lasts in great part even today.

Beginning with 1900, the situation showed signs of a change. We were (much as we are today) awaiting an "avalanche" of foreign cap-

This service is a summary of Brazilian events, especially in the economic, financial and touristic fields. It is distributed for the information of the American Press, which may make free use of it. The Brazilian Government Trade Bureau may be credited as the source.

ital. It came later, though slowly,and never with the abundance expected. Coffee, on the other hand, brought us the gold necessary for the importation of equipment; the development of the country gave us an avid market, and a more persistent customs protection permitted that "infant industry protection" to which Hamilton referred. The production of electric energy came as one of the great foreign achievements among us, by the construction in Rio and São Paulo of the so-called LIGHT & POWER PLANTS.

In 1909-1910, President Nilo Peçanha granted concessions for the creation of the steel industry in a large scale, giving every consumption guarantee, as well as transportation port facilities.

In the first twenty years of the present century, we began to gather the fruits of the Mining School of Ouro Preto. It had formed much clearer minds with regard to the problems of mineral production. Foreign technicians were hired to direct studies in Brazil.

During the first World War, Brazil had a hard experience. We were deprived of practically everything,and had to utilize our own resources to the utmost. We learned to evaluate them better,and realized that we would not be able to do without certain industrial initiatives which would give us more self-sufficiency in the event of isolation from Europe and the United States.

During the government of President Epitácio Pessoa, there are two facts that must be noted. First, the Minister of Agriculture, Dr. Simões Lopes, ordered Professor Fleury da Rocha to make studies in Europe as to the utilization of coal from the South in the manufacture of metallurgical coke. These studies had a decisive influence on the establishment of our basic steel industry. Second, a society appeared by the name of "Itabira Iron Ore Co." which applied for concessions for the establishment of various enterprises such as mining,transportation, steel manufacture and shipping. The concessions requested, which amounted to a real monopoly of exports for the Itabira ores, caused a huge uproar in the country. During twenty years, all large scale initiatives for the use of our iron ore, were stopped. If Itabira Iron Co. obtained all the concessions asked, no one would be able to compete with it. The contract approved by the Executive branch of Government and to which the Accountancy Board denied registration, did not permit the transportation of ore belonging to other parties on"the industrial railroad" of the Company, nor being loaded at their dock, which would be built 60 miles north of Vitória. Only through the decree of August 11, 1939, did the contract expire, and it did not go into effect only because it had not been ratified by the state government of Minas Gerais. From 1920 to 1930, the most important occurence was the foundation of the "Companhia Siderúrgica Belgo-Mineira",with headquarters in Sabará, Minas Gerais. Buying a small plant, built here by altruistic Brazilians,it began to bring into Brazil the experience of a powerful

European group, the "Arbed", whose main mills were in Luxemburg.

Thus we reached 1930, with a production of 36,000 tons of rolled steel from small rolling mills of old fashioned design. The extraction of coal in Rio Grande do Sul and Santa Catarina, was a mere ..... 330,000 tons per year. The mechanical industry had progressed noticeably but it did not resemble "mechanical heavy industry", whose machines make machines. These were maintenance shops,and factories where common articles used by the people were made, such as: stoves,sanitary appliances, primitive agricultural implements and certain machinery for coffee (in the construction of which wood continued being used instead of steel or malleable iron).

The pace of the heavy industry continued at a slow rhythm. The seed, however, that would change its speed had already been planted: a better knowledge of domestic raw material; the larger consuming market; native technicians appearing, not trained by the Government,but having studied on their own in Europe, the United States or in some of our own schools; the sentiment for national defense in the armed forces had gained a more modern shape and demanded more self-sufficiency; the Army's Technical School - a new center for the training of military engineers - had its origin in the reorganization of teaching methods,etc.

In 1938, the President of the Republic was able to announce that the Government would soon take measures for the construction of another large mill, this one with metallurgical coke and for the production of steel plates and sections. This meant, therefore, the establishment of an important industry with normal operations,that is to say, without charcoal.

In 1939, the Brazilian Government invited a powerful American group to build in Brazil a steel mill using coke which would be financed by the National Treasury as well as private capital.

The American Committee which came to Brazil was in favor of the idea and presented an excellent report, but the war in Europe ended that hope for all concerned.

It was then that the Brazilian Government decided to go ahead any way, and named the "Executive Committee for the Steel Plan" under the chairmanship of Dr. Guilherme Guinle. In 1946, the production of Santa Catarina coal having risen to 800,000 tons; having completed the Tubarão Coal washing plant which made possible the metallurgical coke; having finished the gigantic works of the Central Railway of Brazil; having acquired a coal fleet; having opened new sources of iron ore and calcareous in Mina Gerais - pig iron ran for the first time from blast furnace Nº 1 of Volta Redonda. This was undoubtedly a landmark in the industrialization of the country.

The national steel production, which had already increased under Monlevade, began to climb rapidly. And, concurrently, the processing industry. Numerous mills went up, especially in São Paulo,and also in the South, in the Federal District, the state of Rio de Janeiro and

in Minas Gerais. The installations of the "Brazil National Steel Co." cost $45,000,000, secured through a loan from the Export Import Bank of Washington, D.C. and about 2 billion cruzeiros converted into dollars for the acquisition of more equipment as well as of ships, and the payment of freight, insurance and engineering services from the United States.

Volta Redonda can produce heavy plates of up to 1 meter 66 centimeters wide and 14 meters long. Its heavy plate mill was acquired aiming at naval construction; indeed, the Navy Ministry having been consulted it was ascertained that the foreseen needs were about 90% below the above-mentioned width. All the naval sections can be rolled likewise, at Volta Redonda.

(continued in the next issue)

PLASTICS INDUSTRY GROWS

The plastics industry is a comparatively new one. The first factory established in the United States dates from 1926, one for the manufacture of combs. In Brazil, this industry is about five years old. Nevertheless, it has developed rapidly, being the most dynamic of all consumer industries. Its volume of production, which was 6,900,000 tons in 1951, soared to 11,475,000 tons in 1954, being expected to rise to 24,750,000 tons in 1956, or four times the original volume in only five years. This is due, of course, to the multiple uses of plastics, serving in the manufacture of innumerable objects of popular use, such as toys, curtains, combs, tablecloths, kitchen utensils and many, many others.

There are 64 factories in the whole country, of which 38 are Brazilian, 18 American, 3 French, 2 English, 2 Italian and 1 Latin American. National capital predominates in this field, and is calculated at over 50% of the total. In the production of raw materials, São Paulo contributes 68.5% and the Federal District 6.5, whereas in the manufacture São Paulo turns out 69.5% as against the Federal District's 30%. As to consumption: São Paulo 42.5%; Federal District 17.5%; Southern states 26.3%; Center, Northeast and North 13.7%.

Brazil has the highest plastics production in Latin America, followed by Argentina and Mexico. The capital invested in raw materials is estimated at 2 billion Cruzeiros, and in manufactures nearly 1 million Cruzeiros, with over 4,000 workers.

BRAZIL EXPORTED 15 BILLION CRUZEIROS

Brazilian exports amounted to 14,972,000,000 Cruzeiros in the first four months of this year, according to information from the BANK OF BRAZIL.

EXPORTED PRODUCTS	TONS	VALUE IN 1,000 CRUZEIROS
Cotton linters	9,000	41,000
Raw cotton	59,000	1,569
Cocoa beans	24,000	43,000
Green coffee	192,000	7,780

EXPORTED PRODUCTS	TONS	VALUE IN 1,000 CRUZEIROS
Carnaúba Wax	4,000	237,000
Sisal	27,000	165,000
Tobacco	8,000	156,000
Raw wool	2,000	96,000
Corn	59,000	176,000
Hides and Skins	10,000	178,000
Pine wood	171,000	535,000
Iron ore	815,000	328,000
Manganese ore	68,000	79,000
Other products	500,000	2,789,000

NEW NICKEL ORE PROCESS

The Brazilian technician Arykoerner Guerreiro, of the Ministry of Agriculture, has just invented a new revolutionary metallurgical process for the obtaining of nickel with much less labor and electric power making it therefore economically advantageous, Brazil still does not produce pure nickel, and depends on imports to supply the domestic market, so the importance of the Brazilian's discovery cannot be over-estimated. In a press interview, the scientist said that his new process is hydro-electric-metallurgical, and is based on the"molucular disorder" of the ore followed by lixiviation and electrolysis.

"The manufacture of nickel in Brazil", - continued Professor Guerreiro, "has not passed the ferro-nickel stage.We produce this alloy exclusively as pure metal, since the apparent consumption is of 1,100 tons for the production of 220 tons. Purchases abroad fell off recently with the closing of the American market, as the United States is stockpiling the metal in a large scale. Our country, therefore, faced with this problem, had to produce much more".

It so happens, however, that the national production of this alloy is subject to the availability of electric power at low price for it to attain a satisfactory cost. The process developed by Porfessor Guerreiro is characterized precisely by the consumption of very little power. To obtain one ton of iron-nickel by present methods 15,000KW are used, whereas by the new process 6,000 KW will be sufficient to get one ton of the pure metal. It also takes much less manpower.

BRAZIL EXPORTS ELECTRONIC MACHINES

Brazil already manufactures electronic machines. Crowning the efforts of several years work, Brazilian technicians, using primarily national raw materials, have built and put on the market an accounting machine functioning by means of perforated cards.

These machines are now being prepared for shipment to Argentina, Dutch Indies, Bolivia, Colombia, Costa Rica,Ecuador,Guatemala,Mexico, Panama, Paraguay, Peru and Venezuela.

Mr. J. Zaporski, General Manager of the IBM World Trade Corporation, explained to the press that, nowadays, in various parts of the world including Brazil, the entirely mechanical method of accounting, based on perforated cards, is being expanded. The importation of these machines, amongst which the classifier 082, now manufactured in Brazil, represented an evasion of foreign exchange which, although small, was still an evasion. This prompted IBM to build the Classifier 082 in Brazil with local ressources. This accounting system referred to is a conjunction of machines, the Classifier 082 being the most important one. Its function is to place the perforated cards in numerical and alphabetical order preparing them for the other machines that complete the system. Due to its electronic devise, it is absolutely precise and every thing is done in a blink of the eye. In a few minutes it does the work of many hours and with the minimum effort. In this system, commercial and industrial concerns have found the answer to many of their accounting problems.

BRAZILIAN STEEL FOR ARGENTINA

Brazil has recently exported $6,000,000 worth of steel to Argentina. The export quotas for steel produced in Brazil were very low. The Brazilian market was exclusively a source of raw material for the foreign industry. With this new order from the Argentina Government, placed through the Instituto Argentino de Promocion del Intercâmbio, the Brazilian heavy industry sees new perpectives of adding other sources of revenue to the main one - coffee exports. The deal has been signed between Argentina and Brazil for the sale of 50,000 tons of steel entirely produced in Brazilian plants with national labor and raw materials.

From official sources the amount of the transaction amounts to 300 million cruzeiros or, as per the rate of exchange prevailing between the two countries, about $6,000,000 dollars. The steel bars, 6 or 9 meters long, will be shipped, through the port of Santos, in lots of 4,000 tons.

ENGLAND IMPORTS PIG IRON FROM BRAZIL

The Companhia Siderúrgica Nacional (Volta Redonda) will export 20,000 of pig iron to England. This exportation is the result of a deal recently signed by the above mentioned company and comprises two shipments of 10,000 tons each. The global sum of these two transactions is almost 340,000 poundsterling or US$1,000,000. The payment will be in pound sterling.

This is not the first time Brazil exports pig iron. In 1948, Argentina imported 32 thousands tons of this product, which were distributed to the various consumers by the Instituto Argentino de Promocion del Intercambio.

The exportation of pig iron to England will not hamper the steel production of Volta Redonda in any way, as all precautions have been taken for maintaining their stock of pig iron at proper levels. On the other hand, a small reserve of pig iron was put aside for eventual domestic market demand.

BRAZILIAN NEWS AND NOTES

FISH INDUSTRY - In 1953, Brazil produced 10,699 tons of dried and salted fish in the value of 64,310,000 Cruzeiros, and .... 10,000 tons of canned sardines (in oil or tomato) amounting to ..... 181,514,000 Cruzeiros. Among the other kinds of fish are the following: canned fish 5,361 tons; canned shrimp 938 tons; salted and dried piracuru 2,386 tons; pressed sardines 3,971 tons; salted sardines 5,536 tons; salted and dried shrimp 352 tons.

SEWING MACHINES ON THE INCREASE - The production of sewing machines in Brazil is already enough to supply the domestic market, for which reason imports are being discouraged as being harmful to the country's economy. In fact, they are already planning to export this merchandise abroad. This was given in a publicity comuniquee by the Industrial Association of Sewing Machines, Parts and Accesories. According to a survey by the Bank of Brazil, the national consumption of sewing machines is of about 200,000 units per year. The production of Brazilian factories is at present of 253,000 units annually, with the consequent surplus. Operation of new plants by 1956 will make production soar to 316,500 units. Between 1952 and 1954 approximately 100,000 machines were imported. It is interesting to note that of the 9 plants now operating in Brazil, 7 are located in the state of São Paulo.

BANANAS - Of all the national fruits, the banana tends to occupy the most important place in the export trade. These exports increase monthly; for the first three months of the year a 7% increase was noticed. Argentina is the first importer with 5 million bunches, followed by Great Britain with 800,000 bunches. Great Britain could become the most important market for our bananas.

NEW IRON DEPOSITS - Two new iron deposits were discovered this year in Brazil, both in the region of Ouro Preto, state of Minas Gerais. The iron ore found there is classified as of the hematite type, and is known in the international market through its exceptional purity and high grade. There are enormous reserves of iron ore in Brazil, mainly in Minas Gerais, where, as it is known, the mining industry has been developing greatly in the last few years. In 1950 there were thirty two organizations active in the mining of iron ore, plus many others which had mining as a secondary activity.

BRAZIL SELF-SUFFICIENT IN PENICILLIN - A speaker of the National Confederation of Industries declared that the Brazilian industry is not only capable of supplying its own market with penicillin but also of exporting to other countries. This confirms the report sent to the Director of the Foreign Trade Department of the Bank of Brazil by the four firms producing this antibiotic in the country. The Brazilian market consumes about 3 trillions international Oxford units of penicillin per month. The manufacturers are E. R. Squib & Sons S.A., Industrias Farmacêuticas Fontoura-Wyeth S.A., Companhia Quimica Rhodia Brasileira and Industria Brasileira de Produtos Quimicos S.A.

OPPORTUNITIES IN BRAZILIAN TRADE

The Brazilian Government Trade Bureau has received the following inquiries from businessmen in Brazil, who desire to export or import the products listed below. These are published as received and no representation is made as to standings of listed firms. We suggest that the parties interested write directly to these firms, via airmail, as well as to this office, at 551 Fifth Avenue, New York 17, N.Y.

BUYERS WANTED

GOAT AND SHEEP SKINS - MANOEL LOPES NUNES - Caixa Postal 79 - Maceió, Alagôas, Brazil.

MATTE - SOCIEDADE DE ESCRITÓRIOS REUNIDOS LTDA - Rua Alencar Guimarães 97, s/209 - Cable address: "SERVIR" - Curitiba, Paraná, Brazil.

CASHEW NUTS - C. F. FREITAS - Caixa Postal, 1983 - Cable address: "IMSULAM" - Recife, Pernambuco, Brazil.

CARNAUBA WAX, CASTOR SEEDS, TAPIOCA FLOUR, CORN DEXTRIN - EMPRESA COMERCIAL BRASINORTE LTDA, - Caixa Postal, 676 - Cable address: "NORTEBRASIL" - Fortaleza, Ceara, Brazil.

MANGANESE BIOXIDE, MANGANESE ORE, BERYLUM, HEMATITE - MINERAL DO BRASIL LTDA. - Rua Tupinambás, 360 - Cable address: "COZAC" - Belo Horizonte, Minas Gerais, Brazil.

SISAL - MIGUEL ALONSO - Caixa Postal, 290 - Cable address:"MALONSO" - Campina Grande, Paraíba, Brazil.

CARNAÚBA WAX - MORAES S/A - Caixa Postal, 30 - Parnaíba, Piauí, Brazil.

SASSAFRAS OIL - SIMACORSINA & CIA - Rua Florencio de Abreu, 581 - São Paulo, Brazil.

RUBBER ARTICLES - BORBONITE S.A. - Rua Ramiro Barcelos, 470 - Pôrto Alegre, Rio Grande do Sul, Brazil.

HARDWOODS - M. A. MACHADO - Caixa Postal, 519 - Cable address: "WOODS" - Belém, Pará, Brazil.

SISAL - ROMERO & CIA - Rua João Suassuna, 43 - Cable address: "REMOR" - João Pessôa, Paraíba, Brazil.

HOOF AN HORN MEAL - FABRICA SERRA NEGRA DE ADUBOS E COLA - Rua Vitor Dumas,11 - Santa Cruz, Rio de Janeiro, Brazil.

ORCHIDS, BROMELIADS, SEEDS, PRESERVERS OF NATURAL FERNS, PALM LEAVES AND DRILS FLOWERS (IMMOPTELLAS), UVA STALK FLOWERS AND PAMPAS GIANT FLOWERS - H. J. EIPER - Caixa Postal, 6 - Corupá, Santa Catarina, Brazil.

VEGETABLE FIBERS, VEGETABLE OILS, OLEAGINEOUS SEEDS, COCONUTS, COFFEE - GASPAR & BARRETO LTDA. - Rua da Moeda, 63 - Cable address: "BARGAS" - Recife, Pernambuco, Brazil.

BAMBOO - ANTONIO VALENTE - Caixa Postal, 8109 - São Paulo, Brazil.

COFFEE, SUGAR, COCOA, COTTON, SISAL, IRON AND MANGANESE ORES - ALBERTO JOSÉ DE MELLO OLIVEIRA ALVES - Caixa Postal, 1450 - São Paulo, Brazil.

SELLERS WANTED

IRON AND STEEL PRODUCTS; MACHINE-TOOLS; MACHINERY FOR THE MANUFACTURE OF SOAP, OILS AND CANDLES; NAILS, SCREWS AND BARBED WIRE, SUGAR MILLS, TINPLATE, INDUSTRIAL CHEMICALS, BICYCLES AND MOTOCYCLES, ELECTRICAL HOUSEHOLD APPLIANCES, RADIOS - GASPAR & BARRETO LTDA. - Rua da Moeda, 63 - Cable address: "BARGAS" - Recife, Pernambuco, Brazil.

FERTILIZERS, INSECTICIDES, FUNGICIDES, AGRICULTURAL MACHINERY - AGROPECO IMPORTADORA LTDA. - Rua Mexico, 74, s/307 - Cable address: "DIAMANTE" - Rio de Janeiro, Brazil.

REPRESENTATIVES

Wish to represent American Manufacturers or Exporters of: COD FISH, BARBED WIRE, CLAMPS, CAUSTIC SODA, POWDERED MILK, SULPHUR, PITCH - JOSÉ DELPHINO BARBOSA - Mar Vermelho, Maceió, Alagôas, Brazil - Cable address: "DELPHINO".

Wish to represent American Manufacturers or Exporters of: CEMENT, ASPHALT, STRUCTURAL IRON, WIRES, SANITARY EQUIPMENT, ELECTRICAL APPARATUS, MACHINERY IN GENERAL, MOTORS IN GENERAL, RADIOS AND ACCESSORIES, METALS, AUTOMOBILE PARTS, PAPER - HILDO WOLLMANN - Rua Jeronimo Coelho, 185 - Pôrto Alegre, Rio Grande do Sul, Brazil.

Representation in general - JOSÉ CAETANO CORRÊA - Rua Tupinambás, 671 - Cable address: "DMARIST" - Belo Hosizonte, Minas Gerais, Brazil.

Wish to represent American Manufacturers or Exporters of: TINPLATE - EDUARDO P. SIMON - Caixa Postal, 1868 - Cable address: "ESIMON" Pôrto Alegre, Rio Grande do Sul, Brazil.

Wish to represent American Manufacturers of: AUTOMOBILE PARTS - DIAFERIA & CIA. - Caixa Postal, 4645 - Cable address: "DIAFERIA" - São Paulo, Brazil.

The following company wishes to be represent in Houston, Texas; New Orleans, La; San Francisco and Los Angeles, California for the sale of coffee - BRANDÃO, FILHOS & CIA., LTDA. - Caixa Postal, 42 -cable address:"BRANFILHOS" - Salvador, Bahia, Brazil.